

House Study Bill 512 - Introduced

HOUSE FILE _____

BY (PROPOSED COMMITTEE
ON REBUILD IOWA AND
DISASTER RECOVERY BILL
BY CHAIRPERSON SCHUELLER)

A BILL FOR

1 An Act relating to disclosures concerning the availability of
2 flood insurance and sewer back-up insurance coverage and
3 flood damage to property being transferred.

4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. NEW SECTION. 515.138A Disclosure of availability
2 of flood and sewer back-up insurance coverage.

3 When an insurance company or association receives an
4 application for the issue or renewal of a policy of homeowner's
5 or renter's insurance coverage, an insurance producer licensed
6 under chapter 522B who is an agent of the insurance company or
7 association shall discuss with the applicant whether there is a
8 need for and the availability of flood insurance and optional
9 sewer back-up coverage. At that time the insurance producer
10 shall obtain a completed disclosure form signed and dated by
11 the applicant which states that the need for and availability
12 of flood insurance and optional sewer back-up coverage was
13 discussed with the applicant and the applicant either accepted
14 or declined to purchase such coverage.

15 Sec. 2. Section 558.70, subsection 1, Code 2009, is amended
16 to read as follows:

17 1. Prior to executing a residential real estate installment
18 sales contract, the contract seller shall deliver a written
19 contract disclosure statement to the contract purchaser which
20 shall clearly set forth the following information:

21 a. If the real estate subject to the contract has been
22 separately assessed for property tax purposes, the current
23 assessed value of the real estate.

24 b. (1) A complete description of any property taxes due
25 and payable on the real estate and a complete description of
26 any special assessment on the real estate and the term of the
27 assessment.

28 (2) Information on whether any property taxes or
29 special assessments are delinquent and whether any tax sale
30 certificates have been issued for delinquent property taxes or
31 special assessments on the real estate.

32 c. Information on the flood plain designation that has
33 been assigned to the property and, to the best of the seller's
34 knowledge, whether the property has ever been inundated by a
35 flood or payment has been made pursuant to flood insurance

1 coverage or federal assistance has been received on account of
2 flood damage to the property.

3 ~~e.~~ d. A complete description of any mortgages or other
4 liens encumbering or secured by the real estate, including
5 the identity and address of the current owner of record with
6 respect to each such mortgage or lien, as well as a description
7 of the total outstanding balance and due date under any such
8 mortgage or lien.

9 ~~d.~~ e. A complete amortization schedule for all payments to
10 be made pursuant to the contract, which amortization schedule
11 shall include information on the portion of each payment to be
12 applied to principal and the portion to be applied to interest.

13 ~~e.~~ f. If the contract requires a balloon payment, a
14 complete description of the balloon payment, including the date
15 the payment is due, the amount of the balloon payment, and
16 other terms related to the balloon payment. For purposes of
17 this paragraph, a "balloon payment" is any scheduled payment
18 that is more than twice as large as the average of earlier
19 scheduled payments.

20 ~~f.~~ g. The annual rate of interest to be charged under the
21 contract.

22 ~~g.~~ h. A statement that the purchaser has a right to seek
23 independent legal counsel concerning the contract and any
24 matters pertaining to the contract.

25 ~~h.~~ i. A statement that the purchaser has a right to receive
26 a true and complete copy of the contract after it has been
27 executed by all parties to the contract.

28 ~~i.~~ j. The mailing address of each party to the contract.

29 ~~j.~~ k. If the contract is subject to forfeiture, a statement
30 that if the purchaser does not comply with the terms of the
31 contract, the purchaser may lose all rights in the real estate
32 and all sums paid under the contract.

33 Sec. 3. Section 558A.4, Code 2009, is amended by adding the
34 following new subsection:

35 NEW SUBSECTION. 1A. The disclosure statement shall include

1 questions requiring the seller to disclose the flood plain
2 designation that has been assigned to the property and, to the
3 best of the seller's knowledge, whether the property has ever
4 been inundated by a flood or payment has been made pursuant
5 to flood insurance coverage or federal assistance has been
6 received on account of flood damage to the property.

7

EXPLANATION

8 This bill relates to disclosures concerning the availability
9 of flood insurance and optional sewer back-up insurance
10 coverage and flood damage to property being transferred.

11 New Code section 515.138A requires that when an insurance
12 company or association receives an application for the issue
13 or renewal of a policy of homeowner's or renter's insurance,
14 a licensed insurance producer must discuss with the applicant
15 whether there is a need for and the availability of flood
16 insurance and optional sewer back-up coverage. At that time
17 the insurance producer must also obtain a completed disclosure
18 form signed and dated by the applicant which states that this
19 information was discussed and the applicant either accepted or
20 declined to purchase the coverage.

21 New Code sections 558.70(1)(c) and 558A.4(1A) require that
22 the written property condition disclosure statements required
23 for transfers of real estate subject to Code chapters 558 and
24 558A must include questions requiring the seller to disclose
25 the flood plain designation that has been assigned to the
26 property and, to the best of the seller's knowledge, whether
27 the property has ever been inundated by a flood or payment
28 has been made pursuant to flood insurance coverage or federal
29 assistance has been received on account of flood damage to the
30 property.